Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on	)	
Universal Service	)	CC Docket No. 96-45
	)	

COMMENTS OF GCI COMMUNICATION CORP. d/b/a GENERAL COMMUNICATION INC. d/b/a GCI

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SUMMARY

General Communication Corp. d/b/a General Communication, Inc. d/b/a GCI ("GCI") herein files comments concerning the Federal-State Joint Board on Universal Service's ("Joint Board") review of the definition of universal service.[1] In particular, GCI files these comments in response to the State of Alaska's ("Alaska")[2] and the Regulatory Commission of Alaska's ("RCA")[3] comments, which in part seek to modify the definition of universal service to include a requirement that the standard voice grade downstream transmission rate be set at 56 Kbps. Although GCI strongly supports the goal of connecting rural areas to the Internet, and in fact has been a leader in developing innovative broadband offerings to deliver broadband to highly rural, bush Alaska at urban prices, incorporating a data transmission rate of 56 Kbps into the definition of universal service takes the Commission down the wrong path.

Based on its experience in the telecommunications market in Alaska, GCI doubts that many loops in Alaska can technically deliver this level of dial-up Internet service. It would take extensive modifications to the loops to ensure this level of service. Modifying the definition of universal service to require a voice grade transmission speed of 56 Kbps would adversely impact ETC carriers in Alaska (and elsewhere in the country) that are unable to meet the new requirement. An ETC that cannot provide all of

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[1] Federal-State Joint Board on Universal Service, Public Notice, CC Docket No. 96-45, FCC 01-J-1 (rel. Aug. 21, 2001) ("Public Notice").

[2] Comments of The State Of Alaska dated November 5, 2001 ("Alaska's Comments").

[3] Comments of the Regulatory Commission of Alaska dated November 5, 2001 ("RCA's Comments").

the services supported by universal service support mechanisms will lose its eligibility for universal service support.[4]

Moreover, setting the voice grade transmission standard at 56 Kbps will undoubtedly require significant and potentially very expensive changes to the public switched networks across the country, which will draw considerably upon the limited resources of the Universal Service Fund. Modifying loops in Alaska and elsewhere around the country to ensure this level of dial-up transmission service will not be cheap. GCI cautions the Joint Board to carefully investigate and consider what the costs will be before requiring a voice grade transmission standard of 56 Kbps.

Lastly, GCI opposes the RCA's suggestion that the Joint Board use universal service funds to subsidize the purchase of bandwidth capacity for Internet Service Providers (ISP).[5] Extending universal service funds to support the purchase of satellite bandwidth capacity would dramatically increase the costs to the Universal Service Fund. Even if this proposal is limited only to ISPs serving "isolated rural communities" that depend on satellite communications for inter and intrastate service, the costs still will be significant. GCI would strongly recommend that the Joint Board investigate and carefully consider what the costs of this proposal would be before adopting it.

Furthermore, GCI questions the need for such subsidies in Alaska in view of recent efforts to provide affordable broadband Internet service to rural Alaskans. The Commission just recently issued a waiver to the State of Alaska of section 54.504(b)(2)(ii) of the Commission's rules to enable members of rural remote communities in Alaska to access and use excess Internet service obtained through the

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4 47 C.F.R. § 54.101(b).

Schools and Library Program when not used by the schools and libraries for educational purposes.[6] This waiver operates in part on the condition that local or toll-free Internet access is unavailable in the rural community. Additionally, GCI has begun to implement a Village Internet Program designed to make broadband Internet service affordable and available to rural Alaskans. Between these two initiatives and others that are underway in the marketplace, rural Alaskans are beginning to obtain high-speed broadband Internet services. In view of these initiatives, there is no pressing need for additional universal service support to deliver dial-up Internet service to rural Alaskans.

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[5] The RCA's Comments at 10.

[6] *In the Matter of Federal-State Joint Board on Universal Service Petition of the State of Alaska for Waiver for the Utilization of Schools and Libraries Internet Point-Of-Presence in Rural Remote Alaska Villages Where No Local Access Exists and Request For Declaratory Ruling*, CC Docket No. 96-45, FCC 01-350, Order (rel. Dec. 3, 2001) ("Waiver").

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To: The Federal-State Joint Board
On Universal Service

COMMENTS OF GCI

INTRODUCTION

General Communication Corp. d/b/a General Communication, Inc. d/b/a GCI ("GCI") welcomes this opportunity to provide comments to the Federal-State Joint Board on Universal Service ("Joint Board") concerning its review of the definition of universal service. GCI has been a leader in developing innovative, cost-effective ways to deliver broadband Internet access to rural areas such as the Alaska bush, and has supported efforts to foster dial-up Internet access where no other local or toll-free alternative is available.

GCI files these comments principally in response to the RCA's and Alaska's comments, which recommend in part that the Joint Board modify the definition of voice grade access to require a downstream transmission speed of 56 Kbps. GCI is concerned that this level of dial-up Internet service does not exist for the majority of the networks and loops in Alaska and that setting the standard that high will jeopardize the ETC status of many carriers in Alaska and require significant and expensive network improvements to meet the new standard.

Additionally, GCI questions the need to draw on additional universal service funds to increase the availability of dial-up Internet service in rural Alaska in view of recent initiatives underway in Alaska to provide high-speed broadband Internet service to rural Alaskans. GCI does not believe that it is either necessary or wise to spend additional universal service funds to subsidize satellite bandwidth capacity for dial-up Internet service while market forces and other initiatives are underway to address the broadband Internet needs of rural Alaskans.

I. REQUIRING A VOICE GRADE TRANSMISSION SPEED OF 56 KBPS WOULD REQUIRE SIGNIFICANT CHANGES TO THE EXISTING LOOPS AND NETWORKS IN ALASKA

In both Alaska's and the RCA's recent comments to the Joint Board, each recommends that the Joint Board modify the definition of voice grade access to ensure the delivery of dial-up Internet connection rates of 56 Kbps. Each contends that a majority of the Nation's residential customers are able to attain this level of dial-up service through the public switched networks but that smaller communities like those in Bush Alaska lack similar service.

Although GCI is not thoroughly familiar with all the networks across the country, it is extremely skeptical that most urban Americans are able to attain the level of 56 Kbps dial-up Internet service that Alaska and the RCA advocate.[7] GCI would direct the Joint

[7] GCI is not aware of any comprehensive study on what level of dial-up Internet service truly is common among the public switched networks across the country, but there are various websites that anecdotally discuss the reasons why 56Kbps speeds are not attainable. *See* http://www.808hi.com/56k/what56.htm (discussing the actual connection rates that 56K modem users are getting. This website estimates, for example, that only about 10% of 56K modem users connect at rates above 50K or higher but that even then the throughput achieved by a substantial portion of the connections do not match the connection rate speeds); http://www.accesscom.com/system/56k/no56k.html (discussing the various reasons why 56K dial-up speeds are not attainable by consumers).

Board's attention to the comments of the Rural Utilities Service of the U.S. Department of Agriculture ("RUS"), which Alaska cites to approvingly.[8] In its Comments, the RUS advocates a change to the existing voice grade standard of 300-3000 Hertz, but it discusses a change in the range of 28.8 Kbps. It states that: "At the currently-specified bandwidth of 300 Hertz to 3000 Hertz, supported voice grade access will not permit passage of a 28.8 Kilobit-per-second (Kb/s) modem signal. Most urban and suburban customers can connect at 28.8 Kb/s. Rural voice grade access that does not include the ability to connect at this rate, or very near it, is not comparable."[9]

GCI strongly recommends that the Joint Board carefully investigate what level of dial-up Internet service is truly common and achievable throughout the Nation before making any significant changes to the present voice grade definition. GCI encourages the Joint Board to carefully consider whether a dial-up Internet transmission speed of 56 Kbps meets the criterion in 47 U.S.C. § 254(c): is it "essential" to education, public health, or public safety, is it being attained by a "substantial majority of residential customers," and are the public switched networks in the Nation capable of delivering this level of service throughout all of their loops? Additionally, GCI strongly encourages the Joint Board to carefully consider what the costs would be to the Universal Service Fund if the fund were used to subsidize the upgrades and changes to the networks that would be required to meet the new standard. GCI expects that the costs would be very significant.

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[8] Alaska's Comments at 9. The Rural Utilities Service's Comments can be found at: http://www.usda.gov/rus/unisrv/01-19com.htm.

[9] RUS Comments at 4-5.

GCI, of course, is familiar with the public switched networks in Alaska's three largest cities, Anchorage, Juneau and Fairbanks. GCI is a certified CLEC in each of these cities and as such is familiar with the condition of the loops in these cities. Based on its experience and familiarity with the networks in these cities, GCI doubts that many of the loops presently are capable of delivering dial-up Internet connection rates of 56 Kbps.[10] Some of the common roadblocks to attaining dial-up interconnection rates of 56 Kbps in Alaska include the ILEC's common use of universal digital loop carriers, pair gain devices (DAML), load coils and excessive bridge taps in the network. Additionally, another limiting factor at the ISP end is that many ISPs interconnect to the ILEC via standard T-1 lines rather than the more expensive Primary Rate Interface interconnections. The Primary Rate Interface lines are designed to transmit data whereas a standard T-1 line is not.

If the voice grade standard were changed to require dial-up Internet transmission speeds of 56 Kbps, the ILEC in at least Alaska's three largest cities would have to make significant changes to the network. Although GCI is less familiar with the networks of the smaller communities in Alaska, GCI doubts that many ILECs in the smaller communities could guarantee dial-up Internet connection speeds of 56 Kbps without also making significant changes to their networks.

Carriers with ETC status unable to meet the new requirement would be in jeopardy of losing universal service support.[11] The RCA's comments attempt to take this problem into account by requesting that the Commission "allow state commission[s],

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[10] The loops in these three cities account for approximately 55%-60% of the total access lines in the state.

[11] 47 C.F.R. § 54.101(b).

upon a public interest showing, to waive the requirement that LECs provide Internet service at a speed of 56 Kbps on all lines in order to be eligible for ETC status."[12] In GCI's view, the process envisioned by the RCA would lead to very complicated and expensive proceedings to review the networks and the upgrades necessary to meet the new requirement. The timing of these waiver proceedings would be critical to avoid loss of universal service support to the ETCs.

While it may be laudable to encourage carriers to upgrade and modify the public switched network systems to provide dial-up Internet access speeds of 56 Kbps, GCI strongly believes that it is premature to make it a requirement for universal service support. Additionally, GCI questions the wisdom of extending universal service support for dial-up 56Kbps Internet connections. The trend among consumers is clearly towards high-speed broadband technologies like cable modems, DSL and wireless access. GCI questions the wisdom of spending universal service funds to upgrade the public switched network to accommodate dial-up Internet access speeds of 56 Kbps while the availability and demand for high-speed broadband technologies are increasing. Moreover, providing universal service support for dial-up Internet technology would, in effect, constitute a subsidy to one particular Internet technology without a corresponding subsidy to competing Internet technologies. GCI questions the wisdom and fairness of this policy decision as well.

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[12] The RCA's Comments at 13.

II. EFFORTS TO PROVIDE HIGH SPEED INTERNET SERVICE TO RURAL ALASKANS ARE UNDERWAY; THERE IS NO NEED FOR ADDITIONAL FEDERAL SUBSIDIES

Both Alaska and the RCA support expanding universal service support to facilitate the delivery of dial-up Internet service to rural Alaskans but each appears to have a slightly different approach. Alaska appears to believe that the universal service support should be extended to IXCs to enable them to make additional investment in facilities to provide dial-up Internet access in rural Alaska at 56 Kbps.[13] The RCA would go further and extend universal service support to ISP's to enable them to purchase the necessary satellite bandwidth to provide dial-up Internet service to rural Alaskans at 56 Kbps.[14]

GCI is one of the principal IXCs and the largest ISP serving Alaska and is quite familiar with the difficulties associated with providing affordable and reliable Internet service to rural Alaskans. To clarify matters, the difficulty in providing affordable Internet service to rural Alaska is not a problem of the lack of facilities. It is not a network problem. The problem is purely a matter of cost. The principal cost is the purchase of satellite bandwidth capacity, which both Alaska and the RCA acknowledge in their comments. However, GCI does not support extending universal service support to subsidize the purchase of bandwidth capacity to facilitate the delivery of 56 Kbps dial-up Internet service to rural Alaskans or other rural Americans. As discussed above, GCI expects that such costs would be very significant and recommends that the Joint Board carefully consider the costs before adopting this approach.

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13 Alaska's Comments at 21-26.

14 The RCA's Comments at 10.

More fundamentally, both Alaska's and the RCA's comments do not take into account recent initiatives that are underway to address the problem of providing reliable and affordable Internet service to rural Alaska. The Commission just recently granted to Alaska a waiver of section 54.540(b)(2)(ii) of the Commission's rules, which requires schools and library applicants to certify that the services requested will be used solely for educational purposes.[15] This Waiver allows members of rural remote communities in Alaska to use excess service obtained through the universal service mechanism for schools and libraries when not used by the schools and libraries for educational purposes. This Waiver is subject to various conditions including the condition that it operates only as long as there is no local or toll-free Internet access available in the rural community.

Additionally, GCI recently launched a Village Internet Program, which is designed to make broadband Internet service affordable and available to consumers in rural Alaska. GCI announced this program on June 29, 2001.[16] GCI is committed to providing high-speed Internet service in all the Alaska communities it currently serves by 2004. This service is expected to provide 152 communities across the state with high-speed Internet services delivered via cable modem, DSL and wireless technologies. GCI has launched this program to bridge the digital divide that exists between rural and urban Alaska. Through this program, GCI will provide Internet service at speeds that will range from 256 Kbps to more than 1.5 megabits per second depending on the type of access used in the particular community. A minimum access speed of 256 Kbps service will be available for less than $50 per month. Dial-up equivalent access will be available for approximately $25 per month.

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[15] *See* Note 6 *supra*.

This program today is providing real benefits to rural Alaskans. This service is currently available in Akutan, False Pass, Nelson Lagoon, St. Mary's, Toksook Bay and will soon be available in Hooper Bay and Quinhagak. In the coming months, GCI will be extending high-speed Internet service to more rural Alaskan communities consistent with its commitment to reach 152 communities by 2004. Additionally, however, in the early part of this year, GCI also joined forces with OTZ Telephone Cooperative and Maniilaq Association to provide high-speed Internet service to 10 remote villages in the Northwest Arctic Borough.[17] GCI, OTZ and Maniilaq are working together to provide high-speed Internet access to the villages of Selawik, Noorvik, Kiana, Noatak, Ambler, Buckland, Kivalina, Shungnak, Deering and Kobuk. And, as GCI endeavors to extend broadband service to rural Alaska, some of the rural ILECs are responding to the competitive pressure and are now beginning to provide high-speed Internet service to their communities on their own. This occurred, for example, with TelAlaska, Inc. d/b/a Interior Telephone, Inc., which is now providing DSL high-speed Internet service to the communities of Cold Bay, Sand Point and King Cove in response to GCI's competitive pressure.[18]

The upshot is that initiatives are underway to provide broadband Internet services to rural Alaskans and competition is working to meet these needs. GCI does not believe that additional federal universal service support is needed.

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16 *See* http://www.gci.com/about/press/rural_high_sp.htm.

17 *See* http://www.gci.com/about/press/rural_internet.htm.

18 *See also* http://www.findanisp.com/c/akcities.php (which lists the many ISPs serving Alaskan communities, including rural communities).

CONCLUSION

For the reasons discussed above, GCI does not believe that it is wise to change the definition of universal service to include a voice grade standard that requires dial-up Internet connection rates of 56 Kbps. This change would require ILECs to make significant changes to their loops and facilities in Alaska and very likely else where in the United States to meet this new standard. It would be expensive and time-consuming. During the interim, ETCs unable to meet this new standard would be in jeopardy of losing their eligibility for universal service support. GCI strongly recommends that the Joint Board carefully consider what level of dial-up Internet access is truly common among urban consumers, and what impacts would result from setting a standard that would require extensive upgrades to the networks throughout the United States.

Additionally, GCI does not believe that additional universal service support is needed to provide reliable and affordable Internet access to rural Alaskans. As discussed above, initiatives are underway to meet the needs of rural Alaskans. Competition in the marketplace is solving the problem. Additional subsidies are not necessary.

DATE: January 3, 2002

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify on behalf of General Communication Corp. d/b/a General Communication, Inc. d/b/a GCI that a true and correct copy of the foregoing "Comments of General Communication Corp. d/b/a General Communication, Inc. d/b/a GCI" was served electronically this 3rd day of January 2002, upon the following Federal-State Joint Board Members.

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